



# Full Council Report

Date	<b>22 FEBRUARY 2023</b>
Title	<b>DISCRETIONARY RATE RELIEF SCHEMES 2023/24</b>
Report of	<b>CABINET MEMBER FOR STRATEGIC FINANCE, TRANSFORMATIONAL CHANGE AND CORPORATE RESOURCES</b>

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## EXECUTIVE SUMMARY

1. At the Autumn statement 2022 the Chancellor announced a number of measures, as detailed below, to support businesses throughout 2023/24 to make high streets and town centres a success and to help them adapt to changing consumer demands made worse by the war in Ukraine, with shops and businesses facing these costs head on, the Chancellor announced a number of measures, as detailed in paragraphs four, five and six below.
2. As committed to in the governments review of business rates and following new valuations of their properties to reflect more recent market conditions, from 1 April 2023, many businesses will be facing new business rates bills.
3. In light of both of these, the government is taking a number of steps to help rate payers as detailed below and passed legislation to take effect on and from the 1 April 2023.
4. The 2023/24 Retail, Hospitality and Leisure Business Rates Relief scheme will provide eligible, occupied, retail, hospitality and leisure properties with a 75 per cent relief, up to a cash cap limit of £110,000 per business.
5. The 2023 Supporting Small Business (SSB) scheme will cap bill increases at £600 per year for any business losing eligibility for some or all Small Business Rate Relief or Rural Rate Relief at the 2023 revaluation. SSB was first introduced at the 2017 revaluation to support ratepayers facing bill increases greater than the Transitional Relief caps due to loss of Small Business Rate Relief or Rural Rate Relief.
6. Transitional Relief has existed for a number of years. It starts at the beginning of a revaluation period and remains in place for up to five years. As the revaluation was delayed last year, that scheme was extended. However, because there is a new revaluation in 2023, the Transitional Relief scheme starts again in 2023.
7. Therefore, on and from 1 April 2023 the Transitional Relief scheme will be implemented to provide support to businesses affected by the 2023 revaluation which is worked out on the rateable value of the business and applied over the course of the next three years.

8. To maximise the benefit to businesses of this additional support, the Government anticipates that local authorities will include details of the relief to be provided to eligible ratepayers for 2023/24 in their bills for the beginning of the 2023/24 billing cycle.

## RECOMMENDATION

9. That Council adopt the discretionary rate relief schemes as outlined in the Autumn statement 2022 and to ensure that the reliefs are applied to eligible accounts for the financial year 2023/24.

That Council delegate authority be granted to the Cabinet Member for Strategic Finance, Transformational Change and Corporate Resources to agree further legislative changes to the discretionary rates relief scheme.

## BACKGROUND

10. The original purpose of discretionary relief was to provide assistance where a property does not qualify for mandatory relief, or to 'top up' cases where ratepayers already receive mandatory relief.
11. Over recent years and particularly since 2011, the discretionary relief provisions have been amended to allow authorities the flexibility to provide assistance to businesses and organisations. Central Government have also allowed for relief:
  - to be targeted to certain business ratepayers.
  - to encourage building of business premises even though the developer may not be able to sell or let the premises immediately.
  - to alleviate the effects of the recession; and
  - to encourage the use of retail premises which have been unoccupied for a period of time.
12. The Isle of Wight Council has a duty to consider requests for discretionary rate relief or remission of Non-Domestic Rates in relation to the circumstances of the organisation or individual ratepayer.
13. The primary provision underpinning a billing authority's discretionary power to grant relief is contained in the Local Government Finance Act (LGFA) 1988, which allows billing authorities to have discretion to grant relief to certain ratepayers for all or part of the amount of Non-Domestic Rates payable.
14. The Non-Domestic Rating (Discretionary Relief) Regulations 1989 further allow a billing authority to restrict discretionary rate relief to a fixed period and to deal with the notice that must be given if such relief is varied or revoked.
15. The government over recent years has increasingly used discretionary relief to support businesses and the Isle of Wight Council will promote and maximise take up of current and any new initiatives introduced by government where funding is provided by a section 31 grant under the Local Government Act 2003.

## CORPORATE PRIORITIES AND STRATEGIC CONTEXT

### Economic Recovery

16. The core strengths of the Island economy remain as a platform for recovery and restoring Island business growth following the pandemic, war on Ukraine, and subsequent cost of living crisis, as well as existing businesses expanding on the Island to create jobs and wealth for the Island's community as it looks to recover.

Implementing relief provided in legislation will deliver additional support to local business to assist with reduction of business rates.

### Responding to climate change and enhancing the biosphere

17. Responding to climate change and enhancing the biosphere by adopting the legislative changes for discretionary rates and transitional relief to businesses will not impact on climate change.

### Economic Recovery and Reducing Poverty

18. The Council will take full advantage of their powers within the legislation changes to support local business which take effect on and from the 1 April 2023.

### Impact on Young People and Future Generations

19. Any provision under the schemes being introduced will provide support to local business and in turn to their workforce and families.

## CONSULTATION

20. There is no requirement for any consultation as this change is subject to a change in legislation.

## FINANCIAL / BUDGET IMPLICATIONS

21. Because this is a government-led initiative, central government will fully reimburse billing authorities for relief for 2023/24, subject to this policy being approved by way of section 31 grants under the Local Government Act 2003.
22. Because the relief is becoming part of the existing discretionary relief legislation on and from 1 April 2023, central government will continue to reimburse billing authorities and major precepting authorities for the actual cost to them.
23. The reimbursement for this relief is made following the return submission of authorities' National Non-Domestic Rates 3 (NNDR3) forms.

## LEGAL IMPLICATIONS

24. Billing Authorities provide the discount using the local discount powers contained in Section 47 of the Local Government Finance Act 1988, as amended. The new Non-Domestic Rating (Chargeable amounts) (England) Regulations 2022 which provide the power for the new arrangements if adopted came into force on 22 December 2022. Although the use of the power is entirely discretionary, the

Government will fund the local share discount using a grant under Section 31 of the Local Government Finance Act 2003, subject to the new subsidy control regime.

## EQUALITY AND DIVERSITY

25. The council as a public body is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
26. An Equality Impact assessment has been completed as a background paper. It shows that the implementation of this policy does not affect any of the protected characteristics.

## OPTIONS

27. The options for consideration are as follows:

### Option 1:

That Cabinet adopt the discretionary rate relief schemes as outlined in the Autumn statement 2022 and to ensure that the reliefs are applied to eligible accounts for the financial year 2023/24

That Cabinet delegate authority be granted to the Cabinet Member for Strategic Finance, Transformational Change and Corporate to agree further legislative changes to the discretionary rates relief scheme

### Option 2:

That Cabinet does not adopt the discretionary rate relief schemes as outlined in the Autumn Statement 2022.

## RISK MANAGEMENT

28. As with the granting of other discretionary reliefs the revenues team will only apply the reliefs described at points 4,5 and 6 in-line with the specific eligibility criteria on and from the 1 April 2023 and will review the relief annually to ensure that the business remains eligible.
29. Regular monitoring of cases and close working with the Valuation Office Agency (VOA) to identify businesses to confirm eligibility will ensure that the relief is paid correctly to those entitled.
30. Because the reliefs will be fully funded through section 31 grant from central government, there is no risk to the council's finances.

## EVALUATION

31. Adopting this policy under Option 1 provides additional support to eligible local businesses.
32. By not adopting this scheme on and from 1 April 2023, the Council will not be supporting local eligible businesses for that year and given that the cost of this is reimbursed by central government, there would be no direct cost to the Council.

## BACKGROUND PAPERS

33. An Equality Impact Assessment has been completed separately to this report.

## APPENDICES ATTACHED

Appendix 1 - Discretionary Rate Relief Policy

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